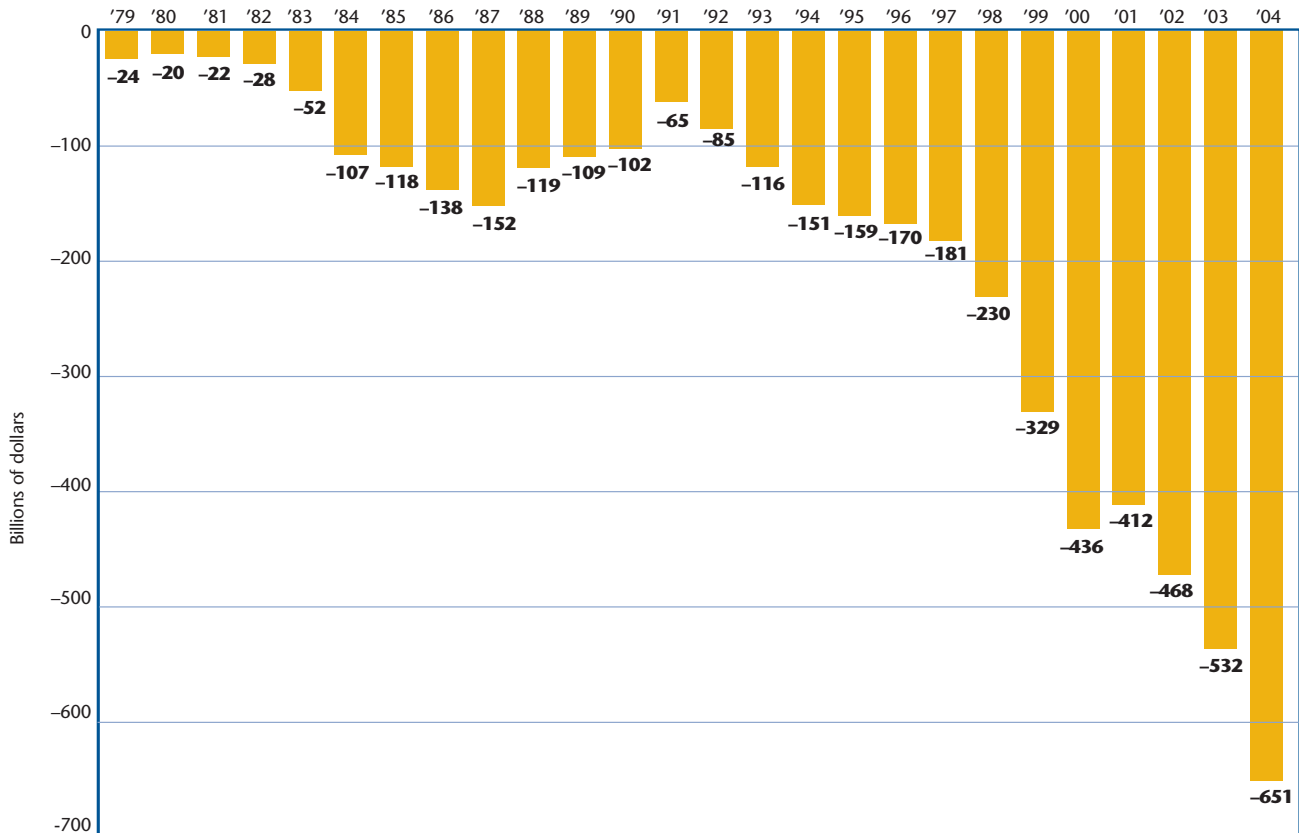


FIGURE 1

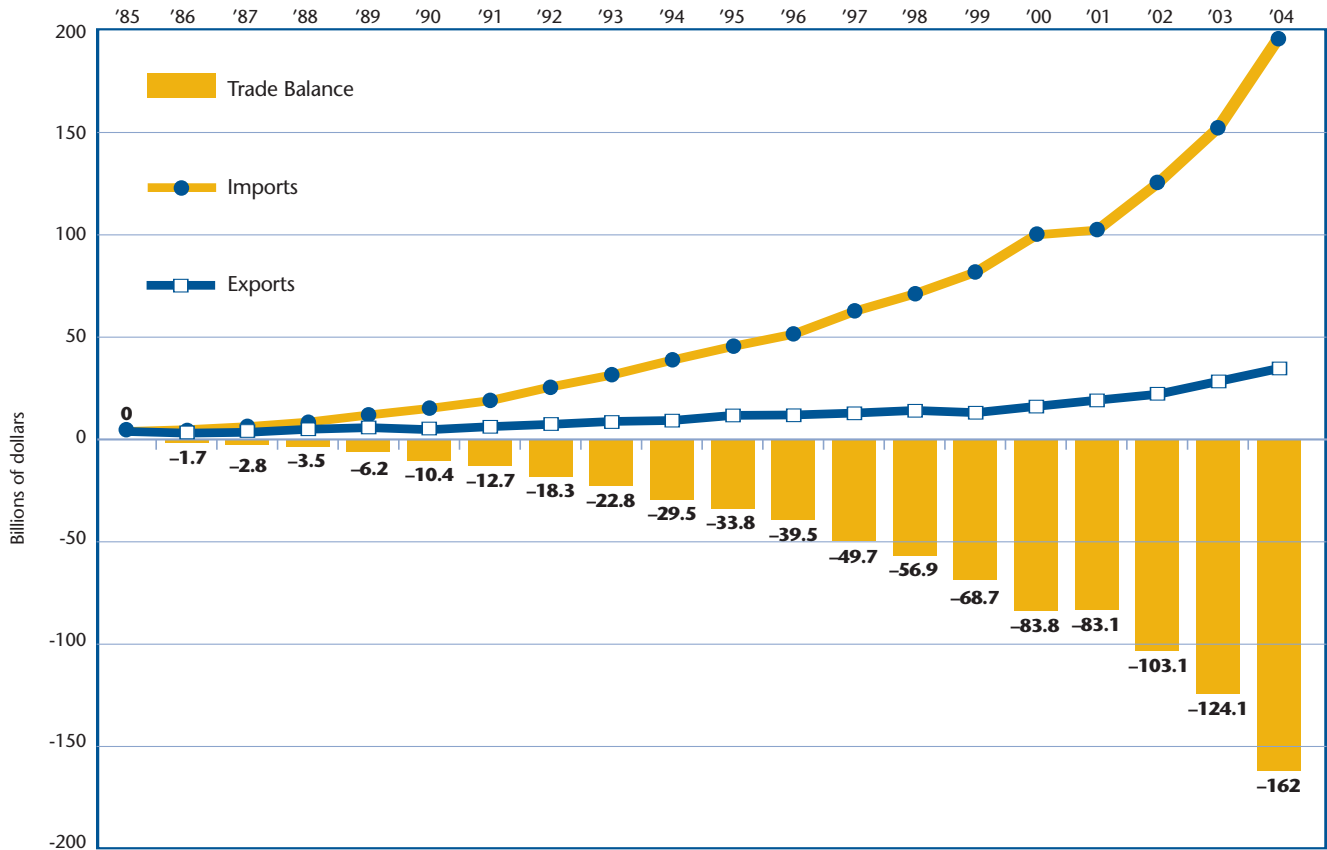
U.S. Trade Balance in Goods (Census Basis), 1979–2004



Source: U.S. Census Bureau

- The goods deficit, which covers manufactured products, hit a record \$651 billion in 2004. The \$119 billion increase from 2003, a 22 percent jump, continues a devastating trend in our balance of trade.
- The rapid escalation of the deficit in 1998–2004 matches up against the rapid erosion of 3.3 million manufacturing jobs in the American economy.
- The overall trade deficit, which includes declining services, hit a record \$618 billion in 2004.

FIGURE 2
U.S. Annual Trade with China



Source: U.S. Census Bureau

- The trade deficit with China skyrocketed to \$162 billion, up more than 30 percent since last year and about double where it was in 2000 when Congress granted China permanent normal trade relations and China joined the World Trade Organization.
- This is the largest bilateral trade deficit between any two countries in the history of the world and reflects a failure of U.S. policy at multiple levels.
- The Economic Policy Institute estimates it cost us 410,000 jobs in the past two years.
- We export scrap and raw materials to China while we import Chinese finished products. Of the top 15 U.S. exports to China, three are waste and scrap; four are raw materials or agricultural products; six are parts, some of which presumably will be assembled in China for later export. Only two are clearly finished assembled products (aircraft and computers).

FIGURE 3
U.S. Trade Balance in Services

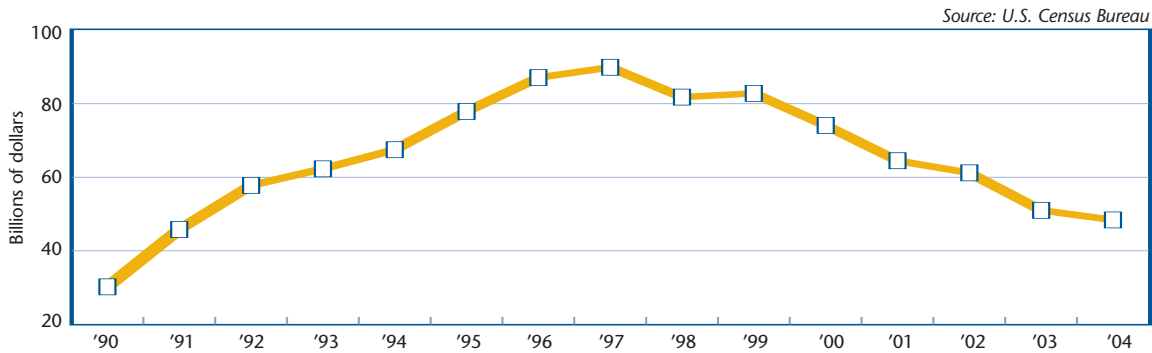


FIGURE 4
U.S. Trade Balance in Food, Feed and Beverages

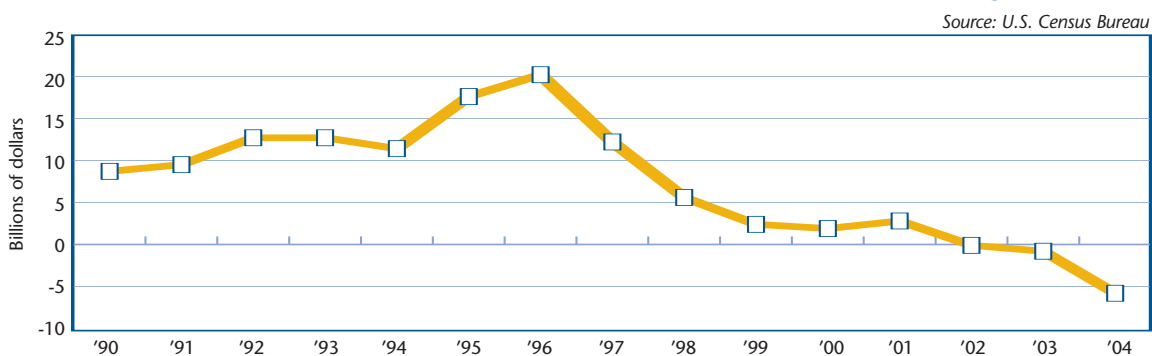
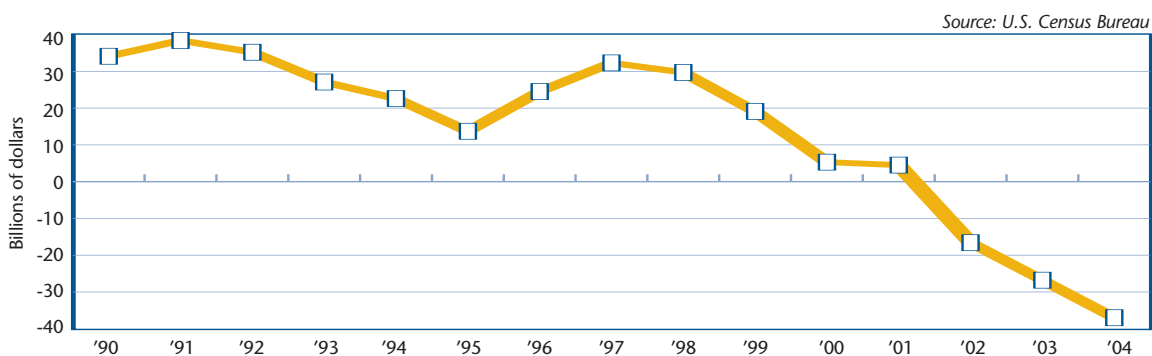


FIGURE 5
U.S. Trade Balance in Advanced Technology Products



- The trend lines in all our trade sectors are dangerous. Manufacturing, the largest sector, has a \$651 billion deficit. Economists had claimed the other sectors that make up the trade pie would help offset the imbalance in manufacturing. That is not the case.
- The services sector trade balance has been on a steady decline since 1998 and was less than \$50 billion in 2004.
- Agriculture (food, feed and beverages) began a steep decline in the late 1990s and slipped into deficits the past three years.
- Advanced technology products went into a steep decline in 2001, hitting nearly a \$40 billion deficit in 2004.

TABLE 1

Employment Changes January 2001–February 2005*

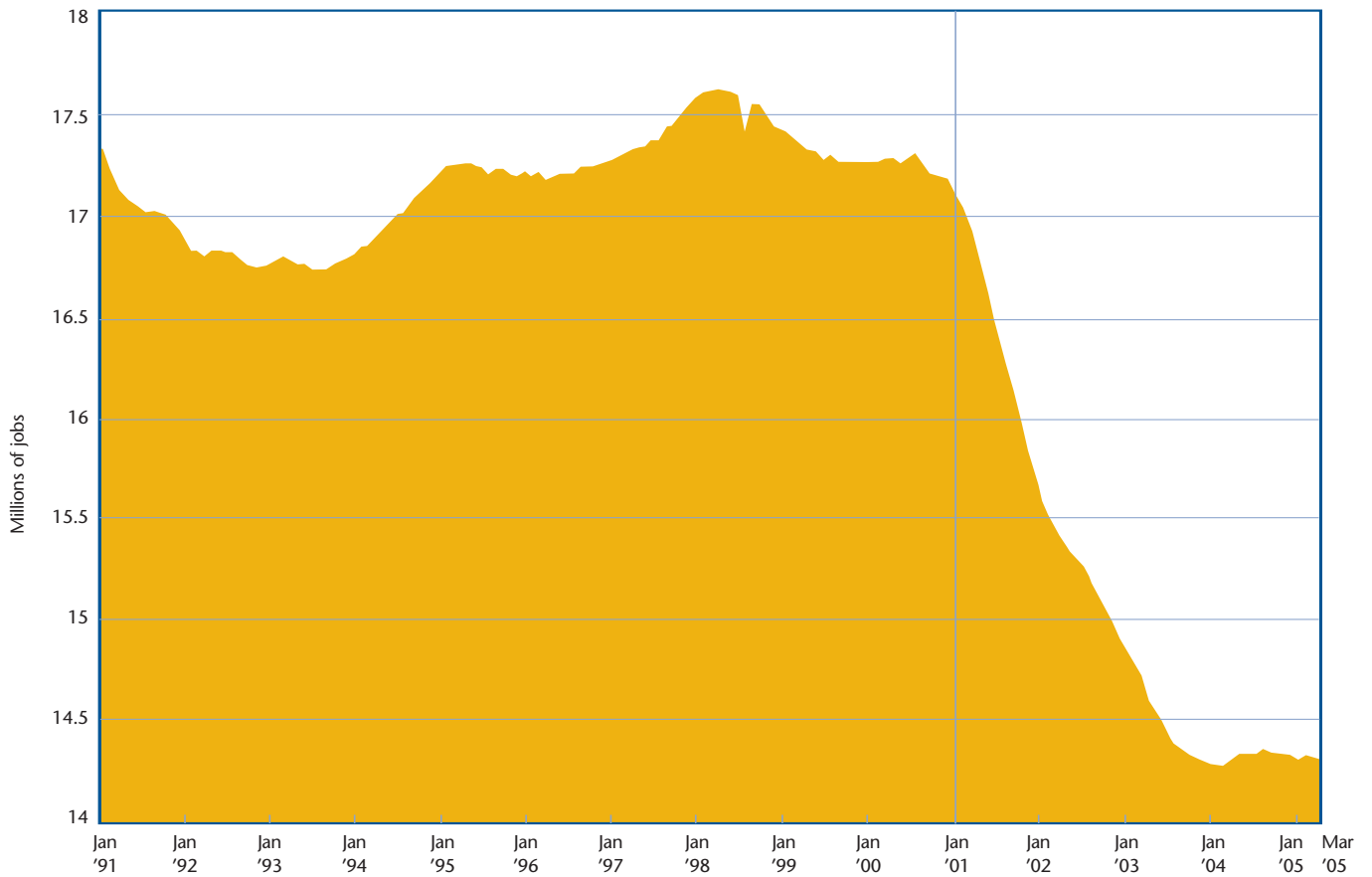
(Numbers in thousands, seasonally adjusted)

| | Employment | % Change |
|--|-------------------|-----------------|
| MANUFACTURING | –2,787 | –16.2% |
| <i>Production Workers</i> | <i>–2,132</i> | <i>–17.4%</i> |
| DURABLE GOODS | –1,831 | –17.0% |
| Wood Products | –30.5 | –5.2% |
| Nonmetallic Mineral Products | –52.1 | –9.4% |
| Primary Metals | –141.9 | –23.4% |
| Fabricated Metal Products | –240.6 | –13.7% |
| Machinery | –302.4 | –20.9% |
| Computer and Electronic Products | –543.2 | –29.0% |
| Electrical Equipment and Appliances | –138.4 | –23.8% |
| Transportation Equipment | –202.7 | –10.2% |
| <i>Motor Vehicles and Parts**</i> | <i>–144.7</i> | <i>–11.6%</i> |
| <i>Aerospace Products and Parts**</i> | <i>–59.6</i> | <i>–11.7%</i> |
| Furniture and Related Products | –103.8 | –15.4% |
| Misc. Manufacturing | –75.7 | –10.3% |
| NONDURABLE GOODS | –936 | –14.9% |
| Food Manufacturing | –49 | –3.2% |
| Beverage and Tobacco Products | –17.9 | –8.5% |
| Textile Mills | –135.9 | –37.3% |
| Textile Product Mills | –35.6 | –16.7% |
| Apparel | –202.3 | –43.1% |
| Leather and Allied Products | –20.2 | –31.9% |
| Paper and Paper Products | –95.6 | –16.0% |
| Printing and Related Support Services | –138.8 | –17.4% |
| Petroleum and Coal Products | –6.3 | –5.2% |
| Chemicals | –101.7 | –10.4% |
| Plastics and Rubber Products | –132.2 | –14.2% |
| *February 2005 data preliminary | | |
| **Data for January 2001–January 2005; January 2005 data preliminary; not seasonally adjusted | | |
| Source: U.S. Bureau of Labor Statistics | | |

- The loss of 2.8 million manufacturing jobs since 2001 has hit every industrial sector within manufacturing and affected every state in the nation. The loss of manufacturing capacity—the intellectual and technical capability to make things—is a threat to the nation's economy and our national security.
- The ladders of upward mobility are being dismantled by offshore production for home markets and exporting of knowledge jobs. The loss of skilled workers in research and development, engineering, design and related areas means the next best idea, the next generation of products, the next investment will be made somewhere else.

FIGURE 6

U.S. Manufacturing Employment, January 1991–March 2005*



Source: U.S. Bureau of Labor Statistics

- The U.S. economy has lost 3.3 million manufacturing jobs since 1998. Since the beginning of the “economic recovery” in November 2001, manufacturing has lost 2.8 million jobs.
- Manufacturing lost jobs in 51 of the past 56 months. It has lost jobs steadily since last August.
- The job declines coincide with the explosive increases in the goods trade deficit.